

CACHE INDEPENDENT SCHOOL DISTRICT NO. 1

COMANCHE COUNTY, OKLAHOMA

JUNE 30, 2012

TABLE OF CONTENTS

<u>SCHOOL DISTRICT OFFICIALS</u>	Page 1
<u>INDEPENDENT AUDITOR'S REPORT</u>	2
<u>COMBINED FINANCIAL STATEMENTS</u>	
Combined Statement of Assets, Liabilities and Equity - Regulatory Basis - All Fund Types and Account Groups	4
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Regulatory Basis - All Governmental Fund Types	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types	6
Notes to Combined Financial Statements	7
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
<u>Combining Financial Statements</u>	
Combining Statement of Assets, Liabilities and Fund Balances - Regulatory Basis - All Special Revenue Funds	Exhibit A-1
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Regulatory Basis - All Special Revenue Funds	Exhibit A-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Regulatory Basis-All Special Revenue Funds	Exhibit A-3
Combining Assets, Liabilities and Fund Equity - Activity Fund - Regulatory Basis	Exhibit A-4
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - Activity Funds	Exhibit A-5
<u>Supporting Schedule(s)</u>	
Schedule of Expenditures of Federal Awards	Exhibit B-1
<u>INTERNAL CONTROL AND COMPLIANCE REPORTS</u>	
* Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards	Exhibit C-1
* Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	Exhibit D-1
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>	
Summary of Auditor's Results	Exhibit E-1
Findings Related to Financial Reporting	Exhibit E-1
Findings Related to Federal Awards Compliance	Exhibit E-1
Summary Schedule of Prior year Audit Findings	Exhibit F-1

CACHE INDEPENDENT SCHOOL DISTRICT NO. 1
COMANCHE COUNTY, OKLAHOMA
JUNE 30, 2012

TABLE OF CONTENTS

OTHER INFORMATION

Page

Schedule of Accountants' Professional Liability Insurance
School's Corrective Action Plan

Exhibit G-1

* The required internal control, compliance, and schedule of findings and questioned costs are required by Government Auditing Standards and OMB Circular A-133 when a single audit is applicable

**CACHE INDEPENDENT SCHOOL DISTRICT NO. I-1, COMANCHE COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012**

BOARD OF EDUCATION

President	Karol Haney
Vice President	Brian DeMarcus
Clerk	Cheryl Walker
Member	Gary Vaden
Member	Lenson Hearn

SUPERINTENDENT OF SCHOOLS

Randy Batt

ASSISTANT SUPERINTENDENT/ENCUMBRANCE CLERK

Jeremy Hogan

SCHOOL DISTRICT TREASURER

Gail Frickie



ANGEL,
JOHNSTON &
BLASINGAME, P.C.

P.O. BOX 706 • 2700 SOUTH FOURTH
CHICKASHA, OKLAHOMA 73023
PHONE (405) 224-6363 • FAX (405) 224-6364
web www.telepath.com/ajba

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Cache Independent School District #1
Comanche County, Oklahoma

Board Members:

We have audited the accompanying fund type and account group financial statements, including budget and actual, of the **Cache Independent School District #1**, Comanche County, Oklahoma, which collectively comprise the district's regulatory financial statements as of and for the year ended June 30, 2012, as listed in the table of contents as combined financial statements,. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, **Cache Independent School District #1**, Comanche County, Oklahoma, has prepared these financial statements using accounting practices prescribed or permitted by the Oklahoma State Department of Education, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the District has not maintained the cost of fixed assets purchased in previous years and thus does not know the amount that should be recorded in the General Fixed Asset Account Group. Therefore, the General Fixed Asset Account Group has not been presented. This information is required under the regulatory presentation prescribed by the Oklahoma State Department of Education.

In our opinion, because of the effects of the matters discussed in the third paragraph, the financial statements referred to above do not present fairly in conformity with accounting principles generally accepted in the United States of America, the financial position of **Cache Independent School District #1**, Comanche County, Oklahoma, as of June 30, 2012, or the changes in its financial position, for the year then ended.

In our opinion, except for the omission of the General Fixed Asset Account Group results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of **Cache Independent School District, #1**, Comanche County, Oklahoma as of June 30, 2012, and the revenues collected, expenditures paid/expenses, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2012, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining fund statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *Oklahoma Department of Education* and/or the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the combined financial statements of **Cache Independent School District #1**, Comanche County, Oklahoma. The combining fund statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole on the regulatory basis of accounting described in Note 1.

Angel, Johnston & Blessingame, P.C.

Chickasha, Oklahoma
December 9, 2012

COMBINED FINANCIAL STATEMENTS

Cache School District No.1-001, Comanche County, Oklahoma
Combined Statement of Assets, Liabilities and Equity
Regulatory Basis - All Fund Types and Account Groups
For the Year Ending June 30, 2012

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2012
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 1,831,123	\$ 411,844	\$ 28,210	\$ 761,869	\$ 174,987	\$ 0	\$ 3,208,033
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	28,210	28,210
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	4,686,790	4,686,790
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	27,849,419	27,849,419
Total Assets	\$ 1,831,123	\$ 411,844	\$ 28,210	\$ 761,869	\$ 174,987	\$ 32,564,419	\$ 35,772,452
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Warrants Payable	\$ 862,355	\$ 16,937	\$ 0	\$ 0	\$ 0	\$ 0	\$ 879,292
Reserve for Encumbrances	0	0	0	0	0	0	0
Due to Activity Groups	0	0	0	0	174,987	0	174,987
General Obligation Bonds Payable	0	0	0	0	0	4,715,000	4,715,000
Capitalized Lease Obligations Payable	0	0	0	0	0	27,849,419	27,849,419
Total Liabilities	\$ 862,355	\$ 16,937	\$ 0	\$ 0	\$ 174,987	\$ 32,564,419	\$ 33,618,698
Fund Equity:							
Reserved for Debt Service	\$ 0	\$ 0	\$ 28,210	\$ 0	\$ 0	\$ 0	\$ 28,210
Reserved for Capital Projects	0	0	0	761,869	0	0	761,869
Cash Fund Balance	968,769	394,907	0	0	0	0	1,363,676
Total Fund Equity	\$ 968,769	\$ 394,907	\$ 28,210	\$ 761,869	\$ 0	\$ 0	\$ 2,153,754
Total Liabilities and Fund Equity	\$ 1,831,123	\$ 411,844	\$ 28,210	\$ 761,869	\$ 174,987	\$ 32,564,419	\$ 35,772,452

The notes to the financial statements are an integral part of this statement.

Cache School District No.1-001, Comanche County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ending June 30, 2012

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2012
Revenue Collected:					
Local Sources	\$ 3,164,685	\$ 697,750	\$ 2,294,470	\$ 5,509	\$ 6,162,416
Intermediate Sources	243,333	0	0	0	243,333
State Sources	5,617,131	33,855	0	0	5,650,986
Federal Sources	1,735,780	400,794	0	0	2,136,574
Non-Revenue Receipts	0	40,000	0	0	40,000
<i>Total Revenue Collected</i>	<u>\$ 10,760,929</u>	<u>\$ 1,172,400</u>	<u>\$ 2,294,470</u>	<u>\$ 5,509</u>	<u>\$ 14,233,308</u>
Expenditures Paid:					
Instruction	\$ 7,220,777	\$ 69,763	\$ 0	\$ 52,024	\$ 7,342,564
Support Services	3,497,370	416,010	0	627,605	4,540,985
Operation of Non-Instructional Services	300,834	459,246	0	0	760,081
Facilities Acquisition and Construction	0	70,000	0	0	70,000
Other Outlays	7,556	0	0	0	7,556
Other Uses	9,600	1,715	0	0	11,315
Repayments	100	2,400	0	0	2,500
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	2,300,000	0	2,300,000
Interest and Fiscal Agent Fees	0	0	223,438	0	223,438
<i>Total Expenditures Paid</i>	<u>\$ 11,036,238</u>	<u>\$ 1,019,135</u>	<u>\$ 2,523,438</u>	<u>\$ 679,628</u>	<u>\$ 15,258,438</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (275,309)</u>	<u>\$ 153,266</u>	<u>\$ (228,967)</u>	<u>\$ (674,119)</u>	<u>\$ (1,025,129)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 1,508</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,508</u>
Other Financing Sources (Uses):					
Estopped Warrants	\$ 452	\$ 103	\$ 0	\$ 0	\$ 554
Bond Proceeds	0	0	0	565,000	565,000
Transfers In	140,000	47,404	0	0	187,404
Transfers Out	(36,553)	(140,000)	(5,158)	(5,693)	(187,404)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 103,899</u>	<u>\$ (92,494)</u>	<u>\$ (5,158)</u>	<u>\$ 559,307</u>	<u>\$ 565,554</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (169,902)</u>	<u>\$ 60,772</u>	<u>\$ (234,126)</u>	<u>\$ (114,811)</u>	<u>\$ (458,067)</u>
<i>Fund Balance - Beginning of Year</i>	<u>1,138,671</u>	<u>334,135</u>	<u>262,335</u>	<u>876,680</u>	<u>2,611,821</u>
<i>Fund Balance - End of Year</i>	<u>\$ 968,769</u>	<u>\$ 394,907</u>	<u>\$ 28,210</u>	<u>\$ 761,869</u>	<u>\$ 2,153,754</u>

The notes to the financial statements are an integral part of this statement.

Cache School District No.1-001, Comanche County, Oklahoma
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ending June 30, 2012

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 3,114,130	\$ 3,117,276	\$ 3,164,685	\$ 713,671	\$ 720,772	\$ 697,750	\$ 2,342,905	\$ 2,342,905	\$ 2,289,312
Intermediate Sources	223,000	259,170	243,333	0	0	0	0	0	0
State Sources	5,243,425	5,452,134	5,617,131	33,000	33,000	33,855	0	0	0
Federal Sources	1,255,785	1,255,785	1,735,780	314,500	389,500	400,794	0	0	0
Non-Revenue Receipts	0	0	0	0	0	40,000	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 9,836,339</u>	<u>\$ 10,084,364</u>	<u>\$ 10,760,929</u>	<u>\$ 1,061,171</u>	<u>\$ 1,143,272</u>	<u>\$ 1,172,400</u>	<u>\$ 2,342,905</u>	<u>\$ 2,342,905</u>	<u>\$ 2,289,312</u>
Expenditures Paid:									
Instruction	\$ 7,379,010	\$ 7,627,035	\$ 7,220,777	\$ 92,445	\$ 94,546	\$ 69,763	\$ 0	\$ 0	\$ 0
Support Services	3,300,000	3,300,000	3,497,370	487,159	487,159	416,010	0	0	0
Operation of Non-Instructional Services	275,000	275,000	300,834	450,202	530,202	459,246	0	0	0
Facilities Acquisition and Construction	0	0	0	239,000	239,000	70,000	0	0	0
Other Outlays	21,000	21,000	7,556	0	0	0	2,605,240	2,605,240	2,523,438
Other Uses	0	0	9,600	0	0	1,715	0	0	0
Repayments	0	0	100	1,500	1,500	2,400	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 10,975,010</u>	<u>\$ 11,223,035</u>	<u>\$ 11,036,238</u>	<u>\$ 1,270,306</u>	<u>\$ 1,352,407</u>	<u>\$ 1,019,135</u>	<u>\$ 2,605,240</u>	<u>\$ 2,605,240</u>	<u>\$ 2,523,438</u>
<i>Excess of Revenues Collected Over (Under)</i>									
<i>Expenditures Paid Before Adjustments to</i>									
<i>Prior Year Encumbrances</i>	<u>\$ (1,138,671)</u>	<u>\$ (1,138,671)</u>	<u>\$ (275,309)</u>	<u>\$ (209,135)</u>	<u>\$ (209,135)</u>	<u>\$ 153,266</u>	<u>\$ (262,335)</u>	<u>\$ (262,335)</u>	<u>\$ (234,126)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,508</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 452	\$ 0	\$ 0	\$ 103	\$ 0	\$ 0	\$ 0
Transfers In	0	0	140,000	0	0	47,404	0	0	0
Transfers Out	0	0	(36,553)	(125,000)	(125,000)	(140,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 103,899</u>	<u>\$ (125,000)</u>	<u>\$ (125,000)</u>	<u>\$ (92,494)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected</i>									
<i>Over Expenditures Paid and Other Financing</i>									
<i>Sources (Uses)</i>	<u>\$ (1,138,671)</u>	<u>\$ (1,138,671)</u>	<u>\$ (169,902)</u>	<u>\$ (334,135)</u>	<u>\$ (334,135)</u>	<u>\$ 60,772</u>	<u>\$ (262,335)</u>	<u>\$ (262,335)</u>	<u>\$ (234,126)</u>
<i>Fund Balance - Beginning of Year</i>	<u>1,138,671</u>	<u>1,138,671</u>	<u>1,138,671</u>	<u>334,135</u>	<u>334,135</u>	<u>334,135</u>	<u>262,335</u>	<u>262,335</u>	<u>262,335</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 968,769</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 394,907</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,210</u>

The notes to the financial statements are an integral part of this statement.

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Cache Public Schools Independent District No. 1, Comanche County, Oklahoma (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

1.A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and /or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

1.B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, Governmental Fund Types, (continued)

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

1. General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program.

Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

2. Special Revenue Funds - The Special Revenue Funds of the District consist of the Building Fund, Cooperative Fund, and the Child Nutrition Fund.

Building Fund - The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries to operate the lunchroom. The district also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

Cooperative Fund - The Cooperative Fund consists of money collected for Alternative Education. Cache school serves as the LEA for the cooperative.

3. Debt Service Fund - The debt service fund is the District's Sinking Fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

4. Capital Projects Fund - The Capital Projects Fund consists of the Districts 2005, 2009, and 2010 Building and Transportation Bond issues. These funds are used exclusively for acquiring transportation equipment, acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

1. Agency Funds - The Agency Fund is the School Activities fund, which is used to account for monies, collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds.

Account Groups

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

1. General long-term Debt Account Group - This account group is used to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

2. General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the District. The District does not have the information necessary to include this group in its combined financial statements.

Memorandum Only - Total Column

The total column on the general purpose financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

1.C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies, (continued)

1.C. Basis of Accounting and Presentation, (continued)

- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

1.E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments - Investments consist of direct obligations of the United States government and agencies with maturities greater than three months when purchased. All investments are records at cost, which approximated market value.

Property Tax Revenues – The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Inventories – The value of consumable inventories at June 30, 2012, is not material to the basic financial statements.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group has not been presented.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the amount is not material to the financial statements.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Balance – Fund balance represents the cash and investments not encumbered by purchase order, legal contracts, and outstanding warrants.

1.F. Revenue, Expenses, and Expenditures

State Sources - Revenues from state sources for current operations are primarily governed by the state aid formula under provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of the state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical education programs. The State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. These rules also require that the money not

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies, (continued)

1.F. Revenue, Expenses, and Expenditures, (continued)

expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2012:

		Carrying Value
Deposits		
Demand Deposits	\$	3,234,066
Time Deposits		
Total Deposits	\$	3,234,066
Investments		
	Credit Rating	Maturity
		Fair Value
		\$
		0
Total Investments		\$
		0
Reconciliation to the Combined Statement of Assets, Liabilities and Equity		
Cash and Cash Equivalents	\$	3,208,033
Activity Fund Outstanding Checks		26,033
Total Deposits and Investments	\$	3,234,066

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 2 – Deposit and Investment Risk, (continued)

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2012, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies..
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The district had no investment credit risk as of June 30, 2012, as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 2 – Deposit and Investment Risk, (continued)

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2012, the District had no concentration of credit risk as defined above.

Note 3 - General Long-term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements and transportation purposes. These bonds are required to be fully paid serially within 25 years from the date of issue.

General long-term debt of the District consists of bonds payable, and capital leases. Debt service requirements for bonds are payable solely from the fund balance and future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2012:

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2011	6,450,000	575,043	0	7,025,043
Additions	565,000	27,991,863	0	28,556,863
Retirements	2,300,000	717,487	0	3,017,487
Balance, June 30, 2012	4,715,000	27,849,419	0	32,564,419

A brief description of the outstanding general obligation bond issues at June 30, 2012, is set forth below:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2010 Building Bonds	1.65 to 1.85%	July 1, 2014	\$ 5,125,000	\$ 3,600,000
2007 Building Bonds	3.5-3.55%	May 1, 2014	1,650,000	550,000
2011 Building Bonds	1.50%	July 1, 2013	565,000	565,000
Totals			\$ 7,340,000	\$ 4,715,000

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 3 - General Long-term Debt, (continued)

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011 Building Bonds			
2012-13	\$ 565,000	\$ 16,900	\$ 581,900
Sub Total	\$ 565,000	\$ 16,900	\$ 581,900
2010 Building Bonds			
2012-13	\$ 0	\$ 0	\$ 0
2013-14	1,800,000	64,800	1,864,800
2014-15	1,800,000	33,300	1,833,300
Sub Total	\$ 3,600,000	\$ 98,100	\$ 3,698,100
2007 Building Bonds			
2012-13	\$ 275,000	\$ 19,388	\$ 294,388
2013-14	275,000	9,763	284,763
Sub Total	\$ 550,000	\$ 29,150	\$ 579,150
Total Bonds	\$ 4,715,000	\$ 144,150	\$ 4,859,150

Interest expense on bonds payable incurred during the current year totaled \$223,437.50.

The District has entered into a lease agreements as lessee for financing the acquisition of school buildings, equipment, furniture and fixtures and land. These lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease term and it they have been recorded at the present value of the future minimum lease payments. These leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year.

As noted in Note 1 to the financial statements, the District does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the above assets as assets in the General Fixed Assets Account Group. The District has recorded the liability for future lease payments in the general long-term debt account group for the above leases. The schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, is as follows:

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 3 - General Long-term Debt, (continued)

Year Ending June 30	2010 Cache Educational Facilities Authority Lease Purchase	House/ Land	HVAC QZAB	Building QZAB	Total
2013	\$ 508,438	\$ 47,357	\$ 38,151	\$ 54,944	\$ 648,890
2014	2,038,100	47,357	36,501	52,158	2,174,116
2015	2,622,463	47,357	34,850	0	2,704,670
2016	2,906,825	9,462	32,906	0	2,949,193
2017	2,991,188	0	0	0	2,991,188
2018	3,080,513	0	0	0	3,080,513
2019	3,174,800	0	0	0	3,174,800
2020	3,269,088	0	0	0	3,269,088
2021	3,368,338	0	0	0	3,368,338
2022	<u>3,472,550</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,472,550</u>
Total	\$ 27,432,300	\$ 151,533	\$ 142,408	\$ 107,102	\$ 27,833,343
Interest Earnings	0	0	48,631	38,818	87,449
Less: Amount Representing Interest	<u>0</u>	<u>-14,413</u>	<u>-31,040</u>	<u>-25,920</u>	<u>-71,373</u>
Present Value of Future Minimum Lease Payments	\$ <u>27,432,300</u>	\$ <u>137,120</u>	\$ <u>159,999</u>	\$ <u>120,000</u>	\$ <u>27,849,419</u>

Note 4 - Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System. Under the System the District, the State of Oklahoma, and the participating employees make contributions. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The district has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues an independent financial report, financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Ok 73152 or by calling (405) 521-2387.

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent or the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000, and the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 4 - Employee Retirement System, (continued)

participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50%, of applicable compensation for the year ended June 30, 2012. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2012, 2011, and 2010 were \$660,851, \$621,210, and \$590,184 respectively.

The compensation for employees covered by the System for the year ended June 30, 2012 was \$6,955,423; the District's total compensation was \$8,347,868. In addition to the District's 9.50% contributions, the District was required to pay into the System 7.00% of compensation arising from federal grants (\$45,370) and 9.50% of compensation arising from post retirement employees (\$). There were \$389,723 contributions made by employees during the year ended June 30, 2012.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2011, is as follows:

Total pension obligation	\$ 17,560,754,452
Net assets available for benefits, at cost	<u>9,960,576,151</u>
Nonfunded pension benefit obligation	<u>\$ 7,600,178,301</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

Note 5 - Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, employees' health and life and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Cache ISD No. 1, Comanche County
Notes To The Financial Statements
For The Year Ended June 30, 2012

Note 7 - Use of Estimates

The preparation of financial statements in conformity with the cash basis and budget laws of the Oklahoma State Department of Education requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 8 – Budget Amendments

The General Fund Budget was amended once during the year by filing a supplemental appropriation form with the county clerk's office. The supplemental appropriation form was filed June 12, 2012 in the amount of \$248,025. This increased the original General Fund Budget from \$10,975,010 to \$111,223,035.

The Child Nutrition Fund Budget was amended once during the year by filing a supplemental appropriation with the county clerk's office. The supplemental appropriation was filed June 11, 2012 for \$80,000. This increased the original Child Nutrition Fund Budget from \$566,702 to \$646,702

The Cooperative Fund Budget was amended by filing a supplemental appropriation with the county clerk's office for \$2,101. This increased the original Cooperative Fund Budget from \$57,445 to \$59,546.

Note 9 – Surety Bonds

The treasurer is bonded by RLI Insurance Company, bond number LSM 0247281 for the penal sum of \$100,000 for the term January 1, 2012 to January 1, 2013.

The superintendent is bonded by RLI Insurance company bond number LSM0116790 for the penal sum of \$100,000 for the period July 1, 2011 to June 30, 2012.

The encumbrance clerk is bonded by RLI Insurance Company bond #LSM0116798 for the penal sum of \$100,000 for the term July 1, 2011 to July 2, 2012.

OTHER SUPPLEMENTAL INFORMATION

Cache School District No. I-001, Comanche County, Oklahoma
Combining Statement of Assets, Liabilities and Cash Fund Balances
Regulatory Basis - All Special Revenue Funds
For the Year Ending June 30, 2012

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Coop Fund</u>	<u>Total June 30, 2012</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 325,903	\$ 81,223	\$ 4,719	\$ 411,844
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 325,903</u>	<u>\$ 81,223</u>	<u>\$ 4,719</u>	<u>\$ 411,844</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants Payable	\$ 8,343	\$ 3,875	\$ 4,719	\$ 16,937
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>\$ 8,343</u>	<u>\$ 3,875</u>	<u>\$ 4,719</u>	<u>\$ 16,937</u>
Fund Balance:				
Cash Fund Balance	\$ 317,559	\$ 77,348	\$ 0	\$ 394,907
<i>Total Fund Balance</i>	<u>\$ 317,559</u>	<u>\$ 77,348</u>	<u>\$ 0</u>	<u>\$ 394,907</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 325,903</u>	<u>\$ 81,223</u>	<u>\$ 4,719</u>	<u>\$ 411,844</u>

Cache School District No.I-001, Comanche County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ending June 30, 2012

	Building Fund	Child Nutrition Fund	Cooperative Fund	Total June 30, 2012
Revenue Collected:				
Local Sources	\$ 469,163	\$ 228,588	\$ 0	\$ 697,750
Intermediate Sources	0	0	0	0
State Sources	0	12,307	21,548	33,855
Federal Sources	0	400,794	0	400,794
Non-Revenue Receipts	0	40,000	0	40,000
<i>Total Revenue Collected</i>	<u>\$ 469,163</u>	<u>\$ 681,689</u>	<u>\$ 21,548</u>	<u>\$ 1,172,400</u>
Expenditures Paid:				
Instruction	\$ 10,217	\$ 0	\$ 59,546	\$ 69,763
Support Services	416,010	0	0	416,010
Operation of Non-Instructional Services	0	459,246	0	459,246
Facilities Acquisition and Construction	70,000	0	0	70,000
Other Outlays	0	0	0	0
Other Uses	1,715	0	0	1,715
Repayments	0	2,400	0	2,400
Interest Paid and Bank Charges	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 497,942</u>	<u>\$ 461,646</u>	<u>\$ 59,546</u>	<u>\$ 1,019,135</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (28,779)</u>	<u>\$ 220,043</u>	<u>\$ (37,998)</u>	<u>\$ 153,266</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):				
Estopped Warrants	\$ 0	\$ 103	\$ 0	\$ 103
Transfers In	10,851	0	36,553	47,404
Transfers Out	0	(140,000)	0	(140,000)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 10,851</u>	<u>\$ (139,897)</u>	<u>\$ 36,553</u>	<u>\$ (92,494)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (17,928)</u>	<u>\$ 80,146</u>	<u>\$ (1,445)</u>	<u>\$ 60,772</u>
<i>Fund Balance - Beginning of Year</i>	<u>335,488</u>	<u>(2,798)</u>	<u>1,445</u>	<u>334,135</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 317,559</u></u>	<u><u>\$ 77,348</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 394,907</u></u>

Cache School District No.I-001, Comanche County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Special Revenue Funds - Budget and Actual
For the Year Ending June 30, 2012

	Building Fund			Cooperative Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:												
Local Sources	\$ 436,671	\$ 436,671	\$ 469,163	\$ 15,000	\$ 17,101	\$ 0	\$ 262,000	\$ 267,000	\$ 228,588	\$ 713,671	\$ 720,772	\$ 697,750
Intermediate Sources	0	0	0	0	0	0	0	0	0	0	0	0
State Sources	0	0	0	22,000	22,000	21,548	11,000	11,000	12,307	33,000	33,000	33,855
Federal Sources	0	0	0	19,000	19,000	0	295,500	370,500	400,794	314,500	389,500	400,794
Non-Revenue Receipts	0	0	0	0	0	0	0	0	40,000	0	0	40,000
<i>Total Revenue Collected</i>	<u>\$ 436,671</u>	<u>\$ 436,671</u>	<u>\$ 469,163</u>	<u>\$ 56,000</u>	<u>\$ 58,101</u>	<u>\$ 21,548</u>	<u>\$ 568,500</u>	<u>\$ 648,500</u>	<u>\$ 681,689</u>	<u>\$ 1,061,171</u>	<u>\$ 1,143,272</u>	<u>\$ 1,172,400</u>
Expenditures Paid:												
Instruction	\$ 35,000	\$ 35,000	\$ 10,217	\$ 57,445	\$ 59,546	\$ 59,546	\$ 0	\$ 0	\$ 0	\$ 92,445	\$ 94,546	\$ 69,763
Support Services	483,159	483,159	416,010	0	0	0	4,000	4,000	0	487,159	487,159	416,010
Operation of Non-Instructional Services	15,000	15,000	0	0	0	0	435,202	515,202	459,246	450,202	530,202	459,246
Facilities Acquisition and Construction	239,000	239,000	70,000	0	0	0	0	0	0	239,000	239,000	70,000
Other Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Other Uses	0	0	1,715	0	0	0	0	0	0	0	0	1,715
Repayments	0	0	0	0	0	0	1,500	1,500	2,400	1,500	1,500	2,400
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 772,159</u>	<u>\$ 772,159</u>	<u>\$ 497,942</u>	<u>\$ 57,445</u>	<u>\$ 59,546</u>	<u>\$ 59,546</u>	<u>\$ 440,702</u>	<u>\$ 520,702</u>	<u>\$ 461,646</u>	<u>\$ 1,270,306</u>	<u>\$ 1,352,407</u>	<u>\$ 1,019,135</u>
<i>Excess of Revenues Collected Over (Under)</i>												
<i>Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (335,488)</u>	<u>\$ (335,488)</u>	<u>\$ (28,779)</u>	<u>\$ (1,445)</u>	<u>\$ (1,445)</u>	<u>\$ (37,998)</u>	<u>\$ 127,798</u>	<u>\$ 127,798</u>	<u>\$ 220,043</u>	<u>\$ (209,135)</u>	<u>\$ (209,135)</u>	<u>\$ 153,266</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):												
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 103	\$ 0	\$ 0	\$ 103
Transfers In	0	0	10,851	0	0	36,553	0	0	0	0	0	47,404
Transfers Out	0	0	0	0	0	0	(125,000)	(125,000)	(140,000)	(125,000)	(125,000)	(140,000)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,851</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,553</u>	<u>\$ (125,000)</u>	<u>\$ (125,000)</u>	<u>\$ (139,897)</u>	<u>\$ (125,000)</u>	<u>\$ (125,000)</u>	<u>\$ (92,494)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (335,488)</u>	<u>\$ (335,488)</u>	<u>\$ (17,928)</u>	<u>\$ (1,445)</u>	<u>\$ (1,445)</u>	<u>\$ (1,445)</u>	<u>\$ 2,798</u>	<u>\$ 2,798</u>	<u>\$ 80,146</u>	<u>\$ (334,135)</u>	<u>\$ (334,135)</u>	<u>\$ 60,772</u>
<i>Fund Balance - Beginning of Year</i>	<u>335,488</u>	<u>335,488</u>	<u>335,488</u>	<u>1,445</u>	<u>1,445</u>	<u>1,445</u>	<u>(2,798)</u>	<u>(2,798)</u>	<u>(2,798)</u>	<u>334,135</u>	<u>334,135</u>	<u>334,135</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 317,559</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,348</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 394,907</u>

Exhibit A-3

Cache School District No.1-001, Comanche County, Oklahoma
Combining Assets, Liabilities and Fund Equity
Activity Fund - Regulatory Basis
For the Year Ending June 30, 2012

<u>ASSETS</u>	<u>School Activity Fund</u>
Cash	\$ 174,987
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 174,987</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>174,987</u>
<i>Total Liabilities</i>	<u>\$ 174,987</u>
Fund Equity:	
Unreserved/Undesignated	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 174,987</u>

Cache School District No.I-001, Comanche County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2012

<u>ACTIVITIES</u>	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Athletics	\$ 8,497	\$ 116,567	\$ 116,905	\$ 8,159
Football	2,548	4,107	4,499	2,156
Boys Basketball	221	1,260	673	808
Girls Basketball	6,025	1,333	7,006	352
Baseball	686	0	686	0
Softball	80	162	0	242
Boys Soccer	166	420	0	586
Girls Soccer	2,989	3,284	1,609	4,664
Boys Track	1,779	8,805	10,439	145
Volleyball	1,434	8,055	6,535	2,954
Golf	1,210	1,000	1,259	951
Wrestling Booster	490	9,603	6,734	3,359
Girls Track	28	0	0	28
Softball Booster Club	2,091	14,077	12,679	3,489
Football Booster Club	3,220	12,902	12,948	3,173
Basketball Booster	1,021	4,736	4,606	1,151
Baseball Booster	4,655	15,268	12,413	7,510
Art	6,232	1,383	4,279	3,336
Band	5,718	21,880	21,195	6,403
Band Parents Booster	6,906	32,347	28,571	10,682
BETA Club	1,233	2,903	1,896	2,239
Primary PTO	0	7,132	2,649	4,483
Bulldog Corner	3,091	7,597	3,775	6,913
DECA	383	10,631	9,661	1,353
FCA	85	0	0	85
FFA	3,301	71,879	71,580	3,600
Freshman Cheerleader	825	7,309	6,306	1,828
FCCLA	3,868	3,941	5,437	2,372
General Fund	0	20,416	20,416	0
FCCLA Booster	0	197	0	197
High School	369	5,547	5,526	391
HS Cheerleaders	2,504	9,259	8,303	3,460
HS Cheerleaders Booster	0	520	0	520
Indian Heritage	269	0	0	269
Intermediate School	11,675	24,831	23,520	12,986
HS Library	506	346	336	516
Middle School	8,504	9,372	11,689	6,187
PAWS	906	66	25	947
MS Cheerleaders	4,399	8,226	8,602	4,023
Misc	3,628	1,844	2,809	2,662
MS Library	1,298	4,450	4,116	1,632
Sub Total	\$ <u>102,839</u>	\$ <u>453,654</u>	\$ <u>439,681</u>	\$ <u>116,812</u>

Cache School District No. I-001, Comanche County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2012

<u>ACTIVITIES</u>	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Primary School	\$ 7,505	\$ 37,326	\$ 36,064	\$ 8,768
HS History Club	420	152	201	371
HS Stuco	700	3,318	3,014	1,004
Tech Ed	2,393	5,909	5,306	2,995
Intermediate Vocal Music	8	0	0	8
Elementary Music PK-2	1,502	2,692	2,217	1,977
HS Yearbook	4,948	44,777	45,891	3,834
BPA	857	170	288	739
HS Science Club	162	0	0	162
MS Science Club	57	0	0	57
Middle School PTO	4,713	4,793	5,526	3,980
Primary Library	3,979	11,170	8,656	6,493
Intermediate Library	4,343	6,928	8,667	2,604
Class of 2014	2,149	0	601	1,548
Class of 2009	2,195	0	1,779	416
Class of 2011	4,266	3	0	4,269
Class of 2012	3,476	1,849	4,520	805
Class of 2013	2,897	18,363	17,221	4,038
Class of 2010	287	0	0	287
K-12 Vending	13,065	6,442	11,322	8,185
HS Dance Team	1,708	4,123	2,909	2,922
HS Drama Club	805	0	25	780
International Club	529	0	0	529
HS/MS Vocal Music	683	12,385	12,786	282
MS Drama Club	1,045	1,444	1,369	1,119
Photography Club	2	0	0	2
Sub Total	\$ <u>64,692</u>	\$ <u>161,845</u>	\$ <u>168,363</u>	\$ <u>58,175</u>
Total Activities:	\$ <u><u>167,532</u></u>	\$ <u><u>615,499</u></u>	\$ <u><u>608,044</u></u>	\$ <u><u>174,987</u></u>

CACHE INDEPENDENT SCHOOL DISTRICT NO. 1, COMANCHE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Pass- Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) July 1, 2011	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2012
<u>U.S. Department of Education</u>						
Direct Programs:						
Indian Education Title VII	84.060A	561	(172)	44,008	43,836	0
Impact Aid	84.041	591/592	0	363,159	365,158	0
Passed Through Oklahoma State Department of Education:						
Title I, Basic	84.010	511	(37,424)	189,285	160,616	(8,755)
Title I, School Support	84.010	515	0	12,867	17,338	(4,471)
Title I, Neglected	84.010	518	(7,321)	22,321	15,000	0
Title I Cluster			(44,745)	224,473	192,954	(13,225)
IDEA-B Flowthrough	84.027	621	(195,714)	532,001	407,322	(71,036)
IDEA-B Private Schools	84.027	625	(3,275)	3,275	4,494	(4,494)
IDEA-B Preschool	84.173	641	(4,881)	4,882	7,583	(7,583)
Special Education Cluster			(203,871)	540,159	419,399	(83,112)
21st Century	84.287	553	(13,430)	134,320	132,882	(11,992)
Title II, Part A	84.367	541	(6,854)	52,972	49,208	(3,090)
Title I, Part C Migrant Ed	84.011	521	0	0	43,113	(43,113)
Title IV, Part A	84.186A	551	(1,359)	1,359	0	0
Title VI, Part B	84.358	587	(21,140)	21,140	28,965	(28,965)
Education Jobs Fund	84.410	790	(149,940)	149,940	0	(0)
Passed Through Oklahoma Career Tech:						
Carl Perkins/High Schools That Work	84.048	421/426/479	(18,800)	23,613	25,252	(20,439)
Total U.S. Department of Education			(460,310)	1,555,143	1,300,765	(203,934)
<u>U.S. Department of Interior</u>						
Passed through BIA:						
Johnson O'Malley	15.130	563	(2,437)	14,448	14,889	(2,878)
Total U.S. Department of Interior			(2,437)	14,448	14,889	(2,878)
<u>U.S. Department of Defense</u>						
Direct Payment:						
DOD Education Activity	12.030	771	(115,653)	166,124	226,235	(175,764)
Total U.S. Department of Defense			(115,653)	166,124	226,235	(175,764)
<u>U.S. Department of Agriculture</u>						
Passed Through State Department of Education:						
Breakfast Program	10.553	764	0	90,154	90,154	(0)
Lunch Program	10.555	763	0	301,963	301,963	(0)
Summer Food Program	10.559	766	15,060	8,678	1,209	22,529
Commodities Distributed-Lunch (Note 2)	10.555	N/A	0	39,541	39,541	0
Child Nutrition Cluster			15,060	440,335	432,867	22,528
Total U.S. Department of Agriculture			15,060	440,335	432,867	22,528
TOTAL FEDERAL ASSISTANCE			(563,341)	2,176,050	1,974,756	(360,048)

Note 1 - The Schedule of Federal Awards expended was prepared using the same accounting policies used in preparing the District's Financial Statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

Note 2 - Commodities received in the amount of \$39,541 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education
Cache Independent School District #1
Comanche County, Oklahoma

Board Members:

We have audited the fund type and account group financial statements, including budget and actual, of **Cache Independent School District #1**, Comanche County, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the District's regulatory financial statements, as listed in the table of contents as combined financial statements, and have issued our report thereon dated December 9, 2012. The report on these financial statements was adverse because the District has elected to prepare its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. Our opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to a departure related to the general fixed assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of **Cache Independent School District #1**, Comanche County, Oklahoma, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (Finding 2012-1, 2012-2,) A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The District's responses to the findings identified in our audit are described on the attached Corrective Action Plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the board of education of **Cache Independent School District #1**, Oklahoma State Department of Education, and certain federal regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Angel, Johnston & Blessingame, P.C.

Chickasha, Oklahoma
December 9, 2012



ANGEL,
JOHNSTON &
BLASINGAME, P.C.

P.O. BOX 706 • 2700 SOUTH FOURTH
CHICKASHA, OKLAHOMA 73023
PHONE (405) 224-6363 • FAX (405) 224-6364
web www.telepath.com/ajba

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Board of Education
Cache Independent School District #I-1
Comanche County, Oklahoma

Board Members:

Compliance

We have audited **Cache Independent School District #I-1**, Comanche County, Oklahoma's, compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, **Cache Independent School District #I-1**, Comanche County, Oklahoma complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

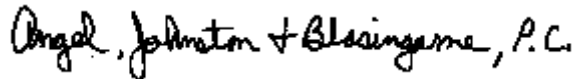
Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of education of **Cache Independent School District #I-1**, management, others within the District, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Chickasha, Oklahoma
December 9, 2012

Cache ISD No. 1, Comanche County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|---|---|
| 1. Type of auditor's report issued | Adverse
(Due to F/S being prepared on
a regulatory basis of accounting) |
| 2. Internal control over financial reporting; | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be
material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|-------------|
| 1. Internal control over major program: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be
material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major program: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in
accordance with Circular OMB A-133, Section 510(a)? | No |
| 4. Identification of major programs: | |

CFDA Number

84.041
10.553/10.555/10.559
84.027/84.173

Name of Federal Program

Title VIII-PL 874
Child Nutrition Cluster
Special Education Cluster

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between Type A or Type B
programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133,
Section 530? | No |

Cache ISD No. 1, Comanche County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012
(Continued)

Section 2

Financial Statement Findings

2012-1 - Finding

Statement of Condition - We noted one employee that was overpaid by \$662.00. This appears to be an isolated incident.

Criteria - Employee contracts should agree to the amount paid.

Cause/Effect of Condition - The district expects certain employees to be participants in specific organizations. Thus, they pay the employees additional compensation equal to the dues amount. However, they reimbursed these dues twice which resulted in the overpayment.

Recommendation - Before the last payroll check is issued, payroll personnel should agree total payments for the year to the employment contract or other supporting documentation.

2012-2 Finding

Statement of Condition - Lease purchase payments for the acquisition of buildings were coded to OCAS function codes 2319, 4600 and 2640 instead of to the correct function code 4700.

Criteria - Lease purchases of buildings should be coded to OCAS function code 4700.

Cause/Effect of Condition - Employees in charge of coding these expenditures were not familiar with lease purchase coding requirements. This could cause financial statement line items to be over/under stated.

Recommendation - We recommend lease purchases be consistently coded with codes recommended in the OCAS book.

Section 3

Federal Award Findings and Questioned Costs

2012-3 Finding

Statement of Condition - Coding requirements for the Child Nutrition Program changed for the 2011-12 year were changed to require separate tracking of the federal monies received from National School Lunch (project 763) and School Breakfast (project 764). During our audit, we noted that the district had not implemented this change so the district reclassified the expenditures at that time.

Criteria - The district is required to follow the OCAS coding requirements established by the Oklahoma Department of Education.

Cause/Effect of Condition - District personnel did not review the latest OCAS changes. If the coding changes had not been made, federal expenditures would have been understated by \$392,117.

Recommendation - District personnel should review the changes portion of the OCAS manual each year. In addition, they should attend OCAS training classes.

Questioned Costs

\$0.00

Cache ISD No. 1, Comanche County
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2012

2011-1 – Statement of Condition – The encumbrance clerk retired in January 2011 and came back to work part time for a monthly salary of \$900. However, the school could not locate a signed contract for this amount.

Criteria – Payments in excess of \$500 should be documented by a signed contract or purchase order.

Cause/Effect of Condition – Employees in charge of contracts failed to print and have the employee and the board of education sign a contract, and therefore the employee was paid without proper authorization.

Recommendation – Contracts should be printed and signed for employees being paid over \$500.

Current Status – The encumbrance clerk executed a signed contract for the 2011-12 year.

2011-2 – Statement of Condition - The activity fund bank account did not agree to the custodians analysis at year end. The difference between the bank balance and the custodians balance was \$291.41.

Criteria – the activity fund balance per the school should agree to the balance per the bank records.

Cause/Effect of Condition – It appears the balance did agree at one time. However, some adjustments were made and the balance per the school was changed.

Recommendation – The custodian should perform a reconciliation comparing the district's bank account balance to the computer balance and make adjustments to the accounting records as necessary.

Current Status – The activity fund balance reconciled to the bank balance as of June 30, 2012.

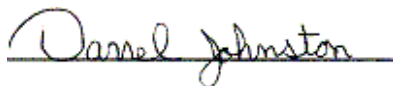
OTHER INFORMATION

Cache ISD No. 1, Comanche County
Schedule of Accountant's Professional Liability Insurance Affidavit
For Year Ending June 30, 2012

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with *Cache Independent School District* for the audit year 2011-2012.

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by _____

Subscribed and sworn to before me this _____ day of _____, 2012.

Notary Public

My Commission Expires 11-12-16

SCHOOL'S CORRECTIVE ACTION PLAN

Cache Public Schools

PRINCIPALS
C. JEAN LANGLEY
Primary School
SKEETER SAMPLER
Intermediate School

Randy Batt, SUPERINTENDENT
Jeremy Hogan, ASSISTANT SUPERINTENDENT
102 EAST H AVENUE
PHONE 429-3266
CACHE, OKLAHOMA 73527
FAX (580) 429-3271

PRINCIPALS
DEBBIE HOFFMAN
Middle School
COREY HOLLAND
High School

Cache Public School District Comanche County

Audit Findings Corrective Action Plan 2011-2012

Finding 2012-1-Note that one employee was overpaid by \$662.00. This appears to be an isolated incident.

Contact Person-Randy Batt

Steps Implemented-Before the last payroll check is issued, payroll personnel should agree total payments for the year to the employment contract or other supporting documentation.

Completion Date-June 30, 2013

Finding 2012-2-Lease purchase payments for the acquisition of buildings were coded to OCAS function codes 2319, 4600 and 2640 instead of the correct function code 4700.

Contact Person-Jeremy Hogan

Steps Implemented-Employees are reviewing lease purchase coding requirements and will consistently code with codes recommended in the OCAS manual.

Completion Date-Immediately

Finding 2012-3-Coding requirements for the Child Nutrition Program changed for the 2011-12 year. The changes required separate tracking of the federal monies received from the National School Lunch and School Breakfast. During the audit, it was noted that the district had not implemented the change so the district reclassified the expenditures at that time.

Contact Person-Randy Batt

Steps Implemented-District personnel will review the changes portion of the OCAS changes.

Completion Date-Immediately